the payment of service tax by the Karnataka Government Insurance Department; and

(c) the action, if any, taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir. Central Excise Commissionerate, Bangalore has initiated proceedings against Karnataka Government Insurance Department (KGID) to register itself and pay service tax on total premium collected by KGID for all vehicles.

(b) A letter has been received from Karnataka Government seeking exemption from levy of service tax on motor insurance activities of Karnataka Government.

(c) The matter is being examined and a suitable reply will be sent to Karnataka Government in due course.

Regional Rural Banks

†3126. SHRI KRIPAL PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have reviewed the performance of Regional Rural Banks;

(b) if so, the details thereof bank-wise and State-wise;

(c) whether some of these banks are facing serious financial crisis, if so, since when together with the reasons therefor; and

(d) the steps taken to make these Regional Rural Banks effective and viable so that the objectives of setting up of these banks could be achieved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The activities of Regional Rural Banks (RRBs) are monitored by Government, National Bank for Agriculture and Rural Development (NABARD) and the Sponsor Banks on an on-going basis. As per the monitoring

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†Original notice of the question was received in Hindi.

and review mechanism prescribed by NABARD, the Board of Directors of the RRBs comprising, *inter-alia,* of representatives of Reserve Bank of India (RBI) and NABARD have to review the performances of the RRBs on a quarterly basis. The Sponsor Banks and NABARD's regional offices also review the performance of RRBs on a half yearly basis. The Annual Review of RRBs is conducted by NABARD and sent to Government/RBI. The Annual Reports of all the 196 RRBs are also tabled in Parliament.

(b) to (d) A statement showing of performance of RRBs State-wise is given *(See below).* As reported by NABARD as on 31.3.2001, out of 196 RRBs, 79 RRBs have wiped out their accumulated losses and attained sustainable viability whereas 92 other RRBs have achieved a turn around and attained a current viability status leaving only 25 RRBs which continue to incur losses. These RRBs were incurring losses, *inter-alia,* due to narrow spread, high transaction costs, low productivity, poor recoveries, restriction on choice of clientele and area of operation, low business volumes relative to branch net-work and high establishment costs. Government of India decided to revamp RRBs by infusion of additional capital for cleansing of Balance Sheet of select RRBs. The total recapitalisation support given by Government of India till date is Rs, 1038.21 crores. In addition to this several policy changes have been initiated to facilitate strengthening and revitalization of RRBs. These changes include:—

(i) introduction of Development Action Plan and Memoranda of Understanding (DAPs-MoU) in an annual basis for bringing improvement in the performance of the RRBs in a planned way and introduction of prudential norms covering income recognition, assets classification and provisioning norms;

(ii) diversification of business portfolios and activities;

(iii) increased avenues for investment of surplus Non-SLR funds;

(iv) rationalization of branch network including relocation and merger of loss making branches;

(v) deregulation of interest rate structure;

(vi) providing greater role of the sponsor banks in management of affairs of RRBs.

Statement

State-wise Consolidated Statement snowing Performance of RRBs as on 31 March, 2001
(Data Provisional)

(Rs. crore)

SI.	State	Profit earning No.	Amt.	Lossincurring Profit(+) No. Loss(-)		Net Amt.	Ace. Deposits Loss		Gross Loans	Recovery Gross (%) AA NPA%(June00)		CD Ratio*	ID Ratio
1.	Andhra Pradesh	16	74.70	0	0.00	74.70	51.25	3093.28	2039.19	11.56	72.61	65.92	54.85
2.	Arunachal Pradesh	1	0.33	0	0.00	0.33	0.68	31.03	33.16	18.87	54.00	106.87	9.16
3.	Assam	4	6.77	1	1.64	5.13	108.67	903.04	247.27	33.46	37.65	27.38	38.97
4.	Bihar	17	54.62	5	11.30	43.32	567.02	4656.82	1079.40	32.81	49.51	23.18	63.61
5.	Gujarat	9	22.43	0	0.00	22.46	31.09	1013.28	492.20	13.94	77.00	48.57	63.57
6.	Harvana	4	32.52	0	0.00	32.52	28.41	1030.23	517.02	12.85	79.26	50.10	61.49
7.	Himachal Pradesh	2	6.64	0	0.00	6.64	0.00	503.69	126.32	5.50	76.13	25.08	73.46
8.	Jammu & Kashmir	2	9.04	1	5.98	3.06	79.37	116.95	106.89	19.83	40.59	91.39	468.1
9.	Karnataka	13	79.70	0	0.00	79.70	25.07	2431.87	1978.48	10.79	76.41	81.36	49.59
10.	Kerala	2	32.60	0	0.00	32.60	0.00	802.42	969.79	4.52	90.29	120.86	40.16
11.	Madhva Pradesh	18	32.35	6	9.92	22.43	431.40	3453.04	1084.70	21.51	61.16	31.40	61.72
12.	Maharashtra	10	14.39	0	0.00	14.39	106.17	1138.59	555.50	19.36	66.31	48.79	54.83
13.	Manipur	0	0.00	1	0.23	-0.23	10.84	22.68	8.79	43.34	35.04	38.76	27.86
14.	Meghalaya	1	3.19	0	0.00	3.19	0.00	122.63	30.34	45.00	43.18	24.74	85.00
15.	Mizoram	1	0.42	0	0.00	0.42	6.00	68.40	22.93	35.20	53.88	33.52	57.47
16.	Nagaland	1	0.09	0	0.00	0.09	1.44	5.28	1.50	32.85	56.63	28.49	67.05
17.	Orissa	5	9.18	4	18.90	-9.71	392.26	1831.16	935.85	99.82	65.16	51.11	50.88
18.	Punjab	5	23.25	0	0.00	23.25	4.05	607.52	221.09	8.84	85.37	36.39	79.98
19.	Rajasthan	12	26.17	2	8.84	17.33		237.50	966.01	12.47	71.15	41.13	56.39
20.	Tamil Nadu	3	9.61	0	0.00	9.61	17.76	509.02	323.67	5.91	83.94	63.59	54.35
21.	Tripura	0	0.00	1	8.19	-8.19	139.40	392.49	119.37	64.75	17.80	30.41	37.66
22.	Uttar Pradesh	38	261.25	2	3.68	257.57	223.68	9830.44	3027.56	26.43	56.18	30.80	72.13
23.	West Bengal	7	13.05	2	6.65	6.40	305.95	2859.31	919.27	28.15	47.36	32.15	51.35
	ALL-INDIA	171	712.34	25	75.32	637.01		2768.00	37772.07 15806.29	18.65	68.12	41.85	61.87

Data based on 53 Audited, 143 Unaudited figures.

*Share Capital Deposit netted from investments for calculating ID ratio. AA Data in r/o 6 RRBs as on 30 June 99.